



Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

June 20, 2001

The Honorable William W. Sharp
Chief Judge
County of Shenandoah Juvenile and
Domestic Relations District Court
P.O.Box 1618
Front Royal, VA 22630

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Shenandoah Juvenile and Domestic Relations District Court for the period April 1, 2000 through March 31, 2001.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Continue Improvement of Internal Controls and Office Procedures

Since our last audit, the Clerk has improved some internal controls and office procedures, but continues to demonstrate weaknesses in banking, accounts receivable, and physical security. Specifically, we found the following.

- The Clerk does not perform monthly bank reconciliations properly or timely. Proper bank reconciliations include identifying and resolving differences between the bank balance, the accounting system balance, and the checkbook balance. Timely bank reconciliations are essential for determining the proper deposit of all collections and detecting errors. It is very important that the Clerk properly reconciles the bank account timely each month.

- The Clerk does not always establish accounts receivable timely. Of the 20 cases tested, seven accounts were not established from eight to 32 days after the final case disposition. The Clerk should immediately establish receivables to facilitate collection procedures and increase the collection of court revenue.
- The Clerk continues to allow unrestricted access to the office for attorneys, law enforcement officials, and other individuals who may or may not have business with the Court. This results in excessive interruptions during business hours, which may have contributed to many of the problems we found, and possibly compromises the confidentiality of the juvenile and domestic relations cases the Court handles. We recommend the Clerk conduct all business through the window, allowing the Clerk and her staff to concentrate on their duties and ensuring the security of court documents.

The Clerk should continue strengthening office internal controls and procedures to ensure the integrity of financial and case records and to ensure compliance with statutory as well as Supreme Court requirements.

We discussed these comments with the Clerk on June 20, 2001, and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:whb

cc: The Honorable William H. Logan, Jr., Judge
Barbara S. Taylor, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnne Lane, Court Analyst
Supreme Court of Virginia

The Honorable William W. Sharp
Chief Judge
County of Shenandoah Juvenile and Domestic Relations Court
P.O.Box 1618
Front Royal, VA 22630

Barbara Taylor
Clerk of the Court
County of Shenandoah
114 W. Court Street
Woodstock, VA 22664

The Honorable William Logan, Judge
114 W. Court Street
Woodstock, VA 22664

Don Lucido
Director of Technical Assistance
Supreme Court of Virginia
North Ninth Street
Richmond, Virginia 23219

LeAnne Lane
Supreme Court of Virginia
North Ninth Street
Richmond, Virginia 23219

1 Report File
1 Working Papers

Commonwealth of
Virginia
Auditor of Public Accounts
James Monroe Building
101 North 14th Street
Richmond, Virginia 23219
(804) 225-3350

TO: Barbara Taylor, Clerk of the JDR Court

Clerk Fax Number – Clerk Phone Number –

FROM:

DATE: Thursday, August 09, 2001 **TIME:** 3:45 PM

Number of pages including cover page: 3

CONFIDENTIAL FOR: Barbara Taylor

MESSAGE: Enclosed is a **DRAFT COPY** of our audit report. We previously discussed these findings with you during the audit. We are providing this draft copy to afford you an additional opportunity to comment before we finalize the report.

It is important that you call _____ at (804)-225-3350 when you receive this draft for a discussion of our findings. We will issue the final report shortly after hearing from you.